

# MORGAN HILL DOWNTOWN

## DEVELOPMENT OPPORTUNITY SITES—Q&A

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### 1. Why do you distinguish between Development Sites and the Shell?

The retail shell is planned to be developed in conjunction with the construction of the new public garage. It will be delivered as a cold shell, which would require a tenant to build out the interior. The retail shell is owned by the City.

On the other hand, the development sites clearly require development, which will likely include demolition as well as new construction. These development sites are made up of several parcels but are all packaged together as single development sites, to maximize development opportunities. These sites are owned by the Successor Agency.

### 2. What if the developer only wants to buy a portion of a site? Can you divide up the parcels within the development sites?

The sites are the sizes described and shown in the RFQ and Exhibit A – The Sites. They were purchased for the purpose of assembling smaller lots together in a configuration large enough to achieve the development intensity required by and the goals of the Specific Plan.

The only flexibility provided via the Long Range Property Management Plan is to acquire independently the residential duplex in site 1. This property can be sold separately at fair market value. Interested investors may offer to purchase it to keep it as an investment opportunity or a developer may offer to purchase it for the purpose of redeveloping it as part of the greater Site 1. Either way, this particular property would have to be purchased at its current fair market value.

### 3. How do you define “anchor” or “catalytic retail”?

It is the retail tenant that:

- Sets a “bar,” direction, and excitement for retail in Downtown Morgan Hill
- Attracts other retail and entertainment tenants
- Attracts patrons in large numbers, who wish to come back again, and frequently
- Fills parking lots,
- Demonstrably helps make Downtown a destination,
- Makes it easier for existing and future retailers to be successful because its customers are likely to patronize other nearby retailers. Synergistic.

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### 4. Are there anchor retailers in Downtown Morgan Hill now?

We are fortunate to have a number of strong retailers now, and their presence and success sets the stage for new retailers to seriously consider Downtown. Many of our existing retailers:

- Draw frequent, repeat customers,
- Fill the parking lots, and,
- Bring customers that patronize other Downtown retailers.

While we have retailers that achieve some, and sometimes all of these dynamics, imagine the potential if there were more that met these criteria on a daily basis.

Most retailers follow a strong anchor retailer. While a large national or regional grocery or drug store may be the anchor in a neighborhood shopping center, in Downtown, the anchor will be less predictable. A small specialty grocery is perhaps the best example of a Downtown anchor retailer. A cinema is another. Strong restaurants or a group of strong restaurants could collectively be an anchor.

### 5. What are the plans for the Granada Theatre or to attract a cinema use to Downtown?

The Granada Theatre building is being offered as part of Site 1. A theatre/entertainment use is highly desirable. However, there is no requirement to keep the building, or to locate entertainment uses only on this site. The City has made a commitment to try to re-use the locally-significant Granada Marquee.

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### **6. Can a Boutique Hotel meet the Retail Ground Floor Retail Overlay?**

A boutique hotel use is also highly desirable and can be accommodated on any of the sites. However, since retail is required on all sites, the hotel should consider ground floor activity such as a wine bar, a café or restaurant, or a hotel shop. For the purpose of this Specific Plan, the term “retail use” includes restaurants, entertainment uses, food and grocery stores, retail uses, home furnishings, and other uses determined to be “retail” in nature, as opposed to offices, personal services and the like.” (Page 2 – 8)

### **7. What entity owns the development sites?**

California Health and Safety Code 34191.5 states that the properties of the former Redevelopment Agencies are held by a “Community Redevelopment Property Trust Fund administered by the Successor Agency.” The retail shell located on Third Street in front of the garage is not owned by the Successor Agency.

### **8. What entity owns the Retail Shell?**

The City of Morgan Hill owns this site and the retail shell (to be constructed).

### **9. Is the City looking for Housing or Retail?**

All of the development sites encourage housing. However, the City is looking for retail projects to meet the goals of the specific plan and to enhance the business district; therefore, stand-alone retail is also allowed in three of the sites (sites 1, 2 and 4). Site 3, the Booksmart Site, requests high density residential with retail on 3<sup>rd</sup> Street.

There are no minimum or maximum densities. Height requirements require a minimum of two story height (24’) and a maximum 4-story height limit (55’).

### **10. What is the ownership of Site 3**

Fee title of this site is owned by a private party. A \$2M option to purchase is held by the Successor Agency.